



**Tribal/HHS/IHS  
Workgroup on Centrally  
Paid Expenses/Assessments**

**Draft Report**

**Centrally Paid  
Expenses/Assessments**

**Submitted for  
Tribal Consultation and Comments**

**August 11, 2000**

# TRIBAL/HHS/IHS WORKGROUP: CENTRALLY PAID EXPENSES/ASSESSMENTS

## Draft Report to the Director, Indian Health Service

Draft – August 11, 2000

### **BACKGROUND:**

In 1994, a Tribal Task Force on IHS Self Governance (SG) Tribal Share Distribution Methodologies was established to develop methodologies to determine Tribal Shares (TS) for certain competitive and reimbursement funds. The Task Force recommended that Tribal Shares for the Assessments line item be distributed by a 30 percent number of tribes and 70 active users. The Director, Indian Health Service (IHS), by letter of June 2, 1994, responded that he could not concur with the recommendation until IHS had thoroughly reviewed the issue with the Public Health Service (PHS).

In late 1994, the Joint Allocation Methodology Workgroup (JAMW), comprised of compacting and non-compacting tribes and representatives of the IHS, was charged with developing recommendations for distribution of IHS Headquarters (HQ) funding for fiscal year 1996 Self-Governance negotiations. The January 26, 1995, final JAMW report to the Director and Tribal Leaders recommended for assessments:

- ❑ The IHS is to allocate the following resources and costs to the appropriate (organizational) level: Payroll, FTS, Rental of Office Space, Mailing Costs and Employee Accident Compensation; and
- ❑ A workgroup at the HHS/PHS level be formalized to examine the Assessment categories, determine what resources should be allocated, review the method and process to accomplish these allocations and develop an approach to protect the costs savings.

In January of this year, a workgroup, with tribal, Department of Health and Human Services, and Indian Health Service representatives, was formed to address the issue of Centrally Paid Expenses/Assessments.

## **Activities of the Workgroup on Centrally Paid Expenses/Assessments**

### **1. WORKGROUP CHARGE**

The workgroup met in May and July 2000, to fulfill the workgroup charge. The charge to the workgroup was as follows:

Process:

- ❑ Review and understand all costs included in the IHS Headquarters account referred to as assessments, which include all centrally paid costs incurred by the Indian health program in the annual amount of approximately \$40 million\* (approximately \$35 million has been transferred to Areas and Headquarters operational accounts to cover these costs).
- ❑ Analyze allocation methodologies, which were used to distribute resources and to allocate cost items and compare both for fairness across Area Offices and between the Areas and Headquarters.
- ❑ Analyze how funds to cover these expenses should be passed on to tribes (what can be made available for tribal shares) that choose to contract or compact; or to directly operated service programs.
- ❑ Determine the effect of contract support costs on these costs allocated to tribal compacts and contracts.
- ❑ Determine what alternatives the Indian Health Service/Tribes/Urban (I/T/U) programs might have for the support services that are currently being provided by the Program Support Center (PSC) or other Departmental support functions.

Outcomes:

- ❑ Document and describe the scope of the workgroup's findings, analyses, and process at arriving at the final recommendations to the Director, IHS.
- ❑ Formulate recommendations on cost containment and reduction strategies for consideration by the Director, IHS.

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\* This total excludes Workers Compensation costs, which generally have not been included in the IHS definition of centrally paid expenses and the estimates of the amounts of the same.

- Recommend, if necessary, reallocation of budget resources to support the centrally paid expenses and provide guidelines for allocation of budget resources to Area Offices and to the I/T/U level.

## 2. WORKGROUP GUIDING PRINCIPLES:

The workgroup established the following as guiding principles:

- Guiding Principle 1: Principle for Costs

Contractual relationships, funds and costs should be at the level where the cost is incurred and managed (i.e. GSA). Costs that cannot be managed or controlled at an Area or local level should be located and managed at Headquarters.

Discussion: Area Offices and I/T/U should establish their own contact for FTS phone service, postage metering services and other services provided by GSA or other levels of the Federal Government. The current centralized contracts and block billing arrangements do not foster confidence in the allocation of costs or a good customer services relationship with the entity receiving the service.

- Guiding Principle 2: Principle for Resources

Based upon costs, resources should be allocated as fairly and equitably as possible. Distribution methodologies for both funding and costs should not result in net reallocation of resources.

Discussion: Nationally, IHS headquarters only provided budget resources to cover about 85% of the costs that were transferred. Any transfer of budget resources should only be made to service delivery sites, which actually have been incurring the costs and will have to have the resources to pay the bills. No delivery site should receive resources (or tribal shares) unless they will incur the costs. The workgroup recognized that past inequities exist regarding the use of some of these resources such as the federal telephone system. The workgroup did not feel that this process could or should address this inequity.

- Guiding Principle 3: Original Allocations from Headquarters to Areas

The workgroup reviewed the \$35 Million allocation to the Area Offices, completed by the DFM, using 1996 as the base year; and with exception

of the Headquarters allocation, the workgroup does not feel that data exists to alter the original allocation.

Discussion: A review of the financial data shows in general the Area Offices received between 80 and 90% of their FY 1999 need. Exact comparisons are difficult as the data has not been adjusted to reflect operational changes such as new office leases, transfer of certain costs and resources to tribes in Alaska and other operational changes which make the data difficult to compare across Areas.

### 3. WORKGROUP GOALS:

The following goals were established by the workgroup:

- Goal 1 - Attain a better understanding of Centrally Paid Expenses
  - The workgroup received an orientation from the Indian Health Service and the Department of Health and Human Services regarding the categories in the expense pool.
  - The workgroup elected to include the IHS Financial Management Officers Workgroup on Assessments as technical staff for this workgroup. A presentation of FMO findings was conducted at the July 11-12, 2000 meeting of the workgroup.
  - The workgroup obtained and reviewed the Indian Health Design Team final report.
  - The workgroup requested from IHS Division of Financial Management the 10-year history of the costs associated with centrally paid expenses. The workgroup received and examined a 5-year history of costs for each category and Area Office.
- Goal 2 – Identify the Centrally Paid Expenses charged to the Indian Health Service
  - The workgroup requested from the IHS Division of Financial Management updated and corrected spreadsheets detailing FY 1999 Centrally Paid Expenses. The FMO representative at the July 11-12, 2000 meeting of the workgroup presented the spreadsheets.

- The workgroup also was provided an estimate of costs to be charged to the IHS for medical record archiving. IHS Property and Supply provided this information.
  - The workgroup requested a comparison of the administrative costs for the Commission Corp and Civil Service. Further study needs to be done to address this issue and was not completed by the workgroup.
- Goal 3 – Review the list of cost categories deemed as Centrally Paid Expenses and make recommendations.
- The workgroup examined costs identified by the FMO Workgroup and made recommendations for each cost category.
  - The workgroup elected to include a review of costs for Workers' Compensation and made recommendations in this report to the Director, Indian Health Service.
  - Upon review of the expenses, the workgroup made recommendations on cost containment.
  - Upon completion of the review and analysis, the workgroup identified funds that are transferable to tribes under contract or compact and recommended mechanisms for transferring the identified funds to the tribal contracts and compacts.
- Goal 4 – Prepare and submit a report of findings and recommendations to the Director, Indian Health Service.
- The workgroup expressed the need to make draft copies of the report available to tribal entities to guarantee that tribal consultation is achieved prior to the submission of the final report.
  - Also, the workgroup agreed that draft reports and other information regarding the workgroup activities would be placed on the IHS web page for review by interested parties.
  - In order to convey workgroup progress to tribal entities and other interested parties, the workgroup agreed to prepare executive summaries to be mailed to tribal leaders. More detailed information will be made available upon request.

- To inform tribal leadership of workgroup activities, the workgroup will be available to make presentations at NIHB, TSGAC, and other national meetings.
- After tribal consultation on the draft report, the workgroup will submit the written final report to the Director, Indian Health Service.

## **FINDINGS:**

In FY 1998, the Division of Financial Management (DFM) of the IHS Headquarters allocated certain funds that had been previously budgeted at Headquarters to Area Offices to pay centrally charged expenses. Headquarters used the amount of funds, which had been expended by each Area Office in FY 1996 to allocate funding. The total amount of funds allocated to each Area office was not sufficient to pay the costs charged to the Areas for these expenses. Virtually every Area Office had to find funds from mandatory pay increases and other sources to pay these expenses. In most Areas the deficit in FY99 was between 10 and 15% of the total amount transferred.

In response to concerns expressed by tribes regarding the allocation of these costs (and funds), the Director of the IHS indicated in FY 1999 that no centrally paid costs would be transferred to tribal contractors without their consent and until consultation had been completed.

This left each Area Office with a deficit in FY 1999 and FY 2000 to fund. In Alaska because the size of the area office was much reduced by contracting and compacting, the Area did not have the capacity to absorb this deficit and the tribes agreed to transfer the cost and resources for some of the centrally paid expenses to the tribes on a recurring basis. Like the Area Offices, the tribes in Alaska received less funding than it cost to pay for the services.

The workgroup also found that due to operational changes in Headquarters West, IHS Headquarters ended up with a disproportional share of the resources that were allocated to pay the centrally paid expenses (Headquarters West had a \$700,000 surplus in FY99). The workgroup feels that this is not acceptable and the \$700,000 surplus from Headquarters should be reallocated to the Area Offices to reduce the deficit they are experiencing.

The workgroup also found that, for the most part, the expenses and charges that were transferred from Headquarter should be appropriately budgeted at the area office or local services delivery location (I/T/U) to provide incentives to control these costs and allow health program managers to deal with vendors to achieve the highest quality and most effective service.

The workgroup found in some cases, however, that the costs that had been transferred to the area offices in FY1998 did not meet these criteria and were either really the operational costs of the Headquarters offices or were assessments from higher levels in the Department which were not negotiated by and could not be influenced by the Area Offices. In these cases, the workgroup has recommended that the funds transferred and the costs be retained at Headquarters to pay these expenses.

In some cases, the funding and costs transferred should be appropriately allocated to the Area level, such as the financial management cost associated with supporting the CORE system. In these cases the costs should remain at the Area Office. In other cases, most of the costs are truly incurred at the local I/T/U level, such as mail, FTS and the personnel associated costs of the Program Support Center. In these cases, the workgroup felt the resources and costs should be transferred to the I/T/U level in the most equitable manner possible.

The workgroup also found that the distribution of the funding to pay the costs is complicated by a wide disparity in how these services, such as FTS and mail, were utilized by tribal contractors/compactors prior to the transfer. The funds transferred were not adequate to cover the additional costs that will be incurred by the I/T/U. There are no funds to reallocate to locations that did not utilize these services and the workgroup did not feel reallocation of resources was within our charge. This means that any I/T/U receiving additional resources will be expected to bear additional costs, at least at that level, unless the receiving location determines it does not wish to utilize the services.

Although the workgroup was not able to do a detailed analysis of the internal charges of the Department for the services of the Program Support Center, the workgroup did review the charges and reached several general conclusions. The services provided by the Programs Support Center appear to be reasonably priced and in general responsive to customers needs. The exception to this may be areas where there is no alternative provider such as Commission Corps Support Services. The costs and services which have been provided through true Departmental taps, such as support for the DHSS regional office, appear to offer little value and will be increasing in costs at an alarming pace. The IHS has little control over these costs, however, and IHS has no option to withhold payment or negotiate the fee structure.

The service to provide support for Commissioned Corps employees is a unique service provided by the PCS. The IHS represents about half of the workload (half the total number of Commissioned Officers in PHS) in this service and there are no other providers for this service. In addition the administrative costs for servicing PHS retirees is currently charged to IHS (and Tribal MOA's) based on the number of active employees. Because the PCS must continue to serve the needs of retirees and because the costs must be spread across a relatively small number of active duty employees the costs of this function may be very sensitive to the number of Commissioned Corps employees. As Self Determination activities continue in the IHS, the reduction in the number of active Commissioned Corps employees may have a



dramatic impact on the cost per employee. The PCS has requested and the workgroup supports moving the costs of administering PHS retirees benefits to the appropriation for these benefits and out of the IHS assessment pool.

The workgroup also found that a substantial portion of the costs which should be allocated to service locations (I/T/U's) is associated with employing federal employees. The workgroup felt that these costs should be clearly defined in the IPA or MOA agreement to insure the tribe fully understands the costs prior to entering these agreements.

The workgroup also examined Workers' Compensation cost closely and provided for a recommendation somewhat at variance with the principles, which were established for the other CPE costs. The workgroup recognized that these costs are associated with federal employees only and are incurred to a great extent at I/T/U locations (although only on Civil Service employees). We considered recommending allocation of these costs to the local level and did not do so for the following reasons:

- First we felt that workers' compensation claims by their nature are highly variable and "shock" claims could be incurred by small locations that would be very difficult to manage. That is, the workgroup felt that centralizing the payment of this expense across the IHS provided a true insurance factor against the impact of these "shock" claims.
- Secondly we felt that the IHS has only a very limited ability to manage the amount and duration of a workers' compensation claim on a federal employee because as soon as the claim is made it is removed from IHS responsibility and transferred to the Department of Labor to manage.

Because of these two reasons, the workgroup did not recommend the transfer of responsibility to manage Workers' Compensation to the I/T/U or Area Office level.

## **RECOMMENDATIONS:**

In accordance with the general principles developed by the workgroup, the following General Recommendations and specific Categorical Recommendations are made:

### **General Recommendations**

1. **New Assessments:** It is recommended that any new assessments first be considered within the budget request and be funded whenever possible prior to costs being incurred. Consistent with our guiding principles, if designated funding is not available in the budget, the costs will be allocated in proportion to the level and of the benefit received.

2. **Consultation Process:** When the Agency is forced to absorb new assessments without the availability of resources and beyond the capacity of the Management Initiative Fund, tribal consultation is required prior to the allocation of those costs.

**Categorical Recommendations:**

1. **Rent:** Square footage charged to each Area/HQ for GSA public buildings by GSA.  
**Cost: \$9,376,000**

**Recommendation:** After review, the workgroup is satisfied that the current GSA lease process as currently implemented by the IHS agrees with our funding and payment process principles. After the lease is negotiated, the GSA lease bill is sent to Headquarters and subsequently sent to the Area for payment. The payment is made to GSA by Headquarters, and then is reimbursed by each Area through the OPAC process.

Further; the workgroup recommends that the IHS should review all of its leases and take advantage of any new lease mechanism that could be available under the Indian Health Care Improvement act. The 437 National Steering Committee should review the proposed bill language and include language that provides greater flexibility to the Agency for lease space, including a provision to “opt out” of GSA leases in favor of leases that would be more cost effective.

2. **Financial Management Services:** Includes Cost allocation, Payment Management (general and FARS), accounting services (including ADP), Debt Management, Accounting for Pay Services, Information Systems and Technology.  
**Cost: \$8,267,000**

**Recommendation:** The total cost should be based on the actual billed charges. The Program Support Center (PSC) should bill each Area directly on quarterly basis for the actual charges. The Area can pay the PSC directly via the Online Payment and Collection system (OPAC) process. This direct billing process should provide for more reliable billings and reduce Headquarters accounting.

**Note:** Tribal response has requested a clarification of “actual billed charges” and exactly what those charges entail.

3. **Commissioned Personnel:** Charges are from Human Resources Service for administrative services, processing personnel paperwork, tracking leave and Board for Corrections.

**Cost: \$4,484,000<sup>†</sup>**

**Recommendation:** Consistent with workgroup cost principles, the workgroup supports the PSC recommendation to include administrative costs for Commission Corps retirees in the Retirement Pay and Medical Benefits appropriation. This would result in a savings of approximately \$1.4 million.

The Program Support Center (PSC) should bill each Area directly on quarterly basis for the actual charges.

The resources that the Area received in FY 98 for these costs should be allocated on a recurring basis to each service location (I/T/U) based on the number of Commissioned Corp Officers in force at that time. If the allocation is not adequate to fund 100% of costs, the funds should be prorated.

The charges for these services will be allocated to I/T/U locations that employ Commissioned Officers.

For tribal entities, charges for Commission Corps should be clearly defined when negotiating the Memorandum of Agreement (MOA).

4. **Personnel & Payroll:** Charges are from Human Resources Service for core services, Help Desk Support, Payroll exception processing including Commissioned Officers, separations processing.

**Cost: \$4,666,800**

**Recommendation:** The Program Support Center (PSC) should bill each Area directly on quarterly basis for the actual charges.

The resources that the Area received in FY 98 for these costs should be allocated on a recurring basis to each service location based on the number of federal personnel on board at that time. If the allocation is not adequate to fund 100% of costs, the funds should be prorated.

The charges for these services will be allocated to I/T/U locations that employ federal personnel.

For tribal entities, charges for federal personnel should be clearly defined when negotiating the Intergovernmental Personnel Agreements (IPA) and Memorandums of Agreement (MOA).

**Note:** Tribal response has requested that Human Resource Service provide annual training in the area of timekeeping.

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<sup>†</sup>\$84, 000 was included here from the "Balance of Human Resources" Category, since it included charges that were more appropriate for Commissioned Corps personnel processing.

5. **Administrative Operations:** Acquisitions, Claims, Printing Procurement, Electronic Typesetting, Reprographics, Telecommunications, Mail, Building & Space Management, Conference Center, copy paper, carpeting, rehabilitated furniture, U-drive motor pool, movers and laborers, general storage, shipping & receiving, forms and publications, shredding, security, library resources, real property, overtime utilities, regional operations, Telecommunications Information Program (TIP).

**Cost: \$2,069,400**

Recommendation: The workgroup has reviewed these costs and has determined that these resources are not centrally paid expenses as they are solely for the support of Headquarters operations. It is recommended that these funds should remain in Headquarters for this purpose with Headquarters paying for these expenses.

6. **Balance of Human Resources:** Training Centers, EEO complaint investigations, Freedom of Information.

**Cost: \$100,600<sup>‡</sup>**

Recommendation: The workgroup recommends that these expenses be billed by the Program Support Center and paid directly by the Areas incurring the charge. Areas can determine individually if they want to pass the costs to the I/T/U, and if so, the Areas have the responsibility to pass the funding as well. The Training Centers were closed in FY 1999 so Area Offices should recognize a small net surplus on the funding distributed to support these functions.

7. **Payment Management System (PMS):** Charges are from Financial Management Service for urban grants and storage for open contracts.

**Cost: \$35,200**

Recommendation: The workgroup recommends that the funding for this activity remain at the Headquarters, IHS, level along with the payment responsibility.

8. **Federal Telecommunication System (FTS):** Consists of telephone, long distance, computer connectivity (X.25), surcharge by GSA of 8%, and voice mail. Includes Areas, Service Units and Tribal programs. Bills are available through the internet (BART).

**Cost: \$8,266,900**

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<sup>‡</sup> \$84,000 was moved to Commissioned Corps, since it included charges that were more appropriate for Commissioned Corps personnel processing.

Recommendation: The workgroup recommends that these costs not be paid centrally. It is recommended that the funds and responsibility for payment should be with the entity receiving the service. Area Offices would be responsible for costs generated within the Area Office; Service Units would be responsible for Service Unit costs; as would Tribally operated programs. Each entity would enter into individual contracts with the provider (including GSA provided services), receive the bills for services, and pay those bills locally. We recognize that in some occasions, tribes and direct service programs may need assistance from the Agency to negotiate with vendors where there is limited competition in the telecommunications market. This should be offered if requested by the Tribe.

The Area Office should make telecommunications funds available from Area allocations to the tribes and direct service programs based on the historical usage levels for health costs (based on typical base year or 3 year average). When Area allocations are insufficient to cover actual costs, funds will be prorated. In those cases where tribal contractors are funded less than 100%, they should be encouraged to seek funding from direct contract support cost.

9. **Non-PSC (Program Support Center) Activities:** Audit resolution, Regional Health Administration, Public Health Reports, Tracking Accountability Government Grants System, Department Contract Information Services.

**Cost: \$587,700**

Recommendation: The workgroup recommends that the funding for this activity remain at the Headquarters, IHS, level along with the payment responsibility. The workgroup feels that most of these expenses are assessed to the Indian Health Service and Area Offices have no control over these costs.

10. **Secretary's Assessments:** Listed under the category are the following Secretarial programs:

- Quality of Work Life Initiative, support for the Work/Life Center, QWL internet site, annual survey of employees, activities of HHS Union-Management Partnership Council, Consultation and skills training to human resource management professionals and change agents throughout HHS. IHS Cost: \$131,468
- Safety Management Information System, charges to HHS from DOL. IHS Cost: \$1,251
- Safety Health and Environmental Management, program evaluations and environmental compliance assessments. IHS Cost: \$10,444
- Energy Program Review, evaluation of the status of OPDIV and STAFFDIV. IHS Cost: \$12,513
- Single Audit Clearinghouse, receives, processes, compiles and forwards audits. IHS Cost: \$34,602

- Departmental Connectivity, promote projects that enhance HHS wide network connectivity and inter-operability. IHS Cost: \$17,225
- Media Outreach, public service announcements and video news reports. IHS Cost: \$2,250.
- National Rural Development Partnership, to support rural development through cooperation among Federal, State and local Governments. IHS Cost: \$24,641

**Cost: \$234,400**

Recommendation: The workgroup recommends that the funding for this activity remain at the Headquarters, IHS, level along with the payment responsibility. The workgroup feels that most of these expenses are assessed to the Indian Health Service and Area Offices have no control over these costs.

11. **National Practitioners Data Bank (NPDB):** Used primarily for the recruitment of doctors, dentists and nurses.

**Cost: \$21,000**

Recommendation: The workgroup recommends that the funding for this activity remain at the Headquarters, IHS, level along with the payment responsibility. The work to distribute the costs to the Areas is disproportionate to the benefit received and in addition the Areas have little ability to manage this contract

12. **US Mail:** Mail is metered from each location within the IHS, sometimes-former IHS facilities. Charges are from the US Postal Service, two years late and going through HQ. The US Postal Service is attempting to update and bring the billing system current by charging each location directly.

**Cost: \$1,953,200**

Recommendation: The Indian Health Service should decentralize the payment of all mail costs immediately. The workgroup recommends that these costs not be paid centrally. It is recommended that the funds and responsibility for payment should be with the entity receiving the service. Area Offices would be responsible for costs generated within the Area Office; Service Units would be responsible for Service Unit costs; as would Tribally operated programs. Each entity would contract or obtain meters for local postage and would buy postage at the local level, as needed.

13. **Employee Assistance Program:** The program is billed based upon population, with the exception of Alaska, which is billed separately. Human Resources at each Area verify the number of employees at a point in time. No funds were distributed from Headquarters to pay for this program.

**Cost: \$405,800**

Recommendation: Consistent with the workgroup's principles, the funds adequate to cover these costs in the initial year should be distributed to the Areas and allocated based on the actual costs if the data is available, otherwise by the number of federal FTE.

14. **Government Printing Office:** These are charges for forms, pamphlets, publications, etc, billed directly to the Areas at the Areas' request by the GPO through CANs provided.

**Cost: \$233,700**

Recommendation: The entity ordering the forms should be responsible for payment. Areas need to ensure that the billing process for forms allows them to charge the appropriate entity for these costs.

Area Offices received minimal resources for the purchase of forms; however, these resources should be distributed based on historical usage or other equitable distribution methodology.

15. **United Parcel:** Cost for sending forms to the Areas.

**Cost: \$50,000**

Recommendation: The workgroup recommends that this item be removed from the Centrally Paid Expense pool, and costs should include in the cost of the forms.

16. **Workers' Compensation:** (description to be completed)

**Cost: \$6,214,000**

Recommendation: The Workgroup believes that Workers' Compensation should be treated as an insurance pool, and maintained at the Headquarters level. Cost should be tracked annually and reported to the tribes and the Indian Health Service Areas. Any unused balance should be allocated to the Areas as mandatories over amount tapped in FY 2000. Any subsequent increase needed in the pool should be consistent with the workgroup's guiding principles.

17. **Grouped Items:** The Workgroup recommends the same recommendation for each of the following:

- Government On-Line Accounting Link System (GOALS):
- Grants Training
- Project Officer Training
- Procurement Training

- Federal Regulations
- Parklawn Health:
- Office of Personnel Management Investigations (OPM)
- GSA Supplies
- Headquarters' Phones (TIP & Cell Phones)

**No Cost to Areas**

Recommendation: The workgroup recommends that IHS continue to fund from Headquarters, IHS, and leave the activities as Headquarters responsibilities.

**SUMMARY STATEMENT:**

In general, the workgroup feels it should be clearly stated that the allocation of the funds for Centrally paid expenses will not result in additional discretionary funding for I/T/U or Area Offices. For each dollar that is sent to pay these expenses the entity will have assume \$1.15 in costs.

In addition, most of these costs are essential and cannot be reduced by simply "saving" dollars. The workgroup worked hard to insure that no service location would bear more than its fair share of the deficit in funding for these costs.



# **TRIBAL/HHS/IHS WORKGROUP: CENTRALLY PAID EXPENSES/ASSESSMENTS**

## **ATTACHMENTS TO THE FINAL REPORT TO THE DIRECTOR, INDIAN HEALTH SERVICE**

### **Attachment A – Workgroup Membership**

- ❑ Workgroup Active Membership
- ❑ Workgroup Technical Staff
- ❑ Workgroup Alternates

### **Attachment B – Workgroup Financial Documents**

- ❑ Percentage of Assessment Need Funded
- ❑ Rent Costs
- ❑ Federal Telecommunications System (FTS) Costs
- ❑ Financial Management Systems/ITS Costs
- ❑ Commissioned Personnel Costs
- ❑ Personnel and Payroll Costs
- ❑ Administrative Operation Costs
- ❑ U.S. Mail Costs
- ❑ Balance of Human Resources
- ❑ Other Assessments – Equal Distribution
- ❑ Summary of Category Costs
- ❑ PSC Service Rates Schedule

## **Attachment A**

### **WORKGROUP ON CENTRALLY PAID EXPENSES/ASSESSMENTS**

#### **WORKGROUP ACTIVE MEMBERSHIP**

- ❑ Helen Bonnaha, Co-Chair  
Tribal Representative  
Navajo Nation  
Kayenta, Arizona
- ❑ Gary P. Breshears, Co-Chair  
Executive Officer  
Phoenix Area Indian Health Service  
Phoenix, Arizona
- ❑ John Gentile, Financial Management Specialist  
Program Support Center  
Department of Health and Human Services  
Rockville, Maryland
- ❑ James T. Martin, Executive Director  
United South and Eastern Tribes, Inc.  
Nashville, Tennessee
- ❑ Dave Mather, Alaska Tribal Representative  
Fairbanks, Alaska
- ❑ Jack Musick, Chairman  
La Jolla Band of Luiseno Indians  
Valley Center, California
- ❑ Doni Wilder, Area Director  
Portland Area Indian Health Service  
Portland, Oregon
- ❑ Alvin Windy Boy, Chairman  
Rocky Boy Health Board  
Box Elder, Montana

## **WORKGROUP TECHNICAL STAFF**

- ❑ Robert Aitken, Financial Management Officer  
Bemidji Indian Health Service  
Bemidji, Minnesota
- ❑ Sharlene Andrew, Financial Management Officer  
Portland Area Indian Health Service  
Portland, Oregon
- ❑ Dave Byington, Office of Tribal Programs  
Headquarters, Indian Health Service  
Rockville, Maryland
- ❑ Keith Longie, Associate Director  
Office of Planning, Information and Evaluation Resources  
Phoenix Area Indian Health Service  
Phoenix, Arizona
- ❑ Sharon Miller, Financial Management Officer  
Alaska Area Indian Health Service  
Anchorage, Alaska
- ❑ Mickey Peercy  
Choctaw Nation  
Durant, Oklahoma
- ❑ Kevin Quinn, Office of Tribal Self-Governance  
Headquarters, Indian Health Service  
Rockville, Maryland

## **WORKGROUP ALTERNATES**

- ❑ Sharlene Andrew, Financial Management Officer  
Portland Area Indian Health Service  
For: Doni Wilder
- ❑ Kellie Elliott, Healthcare Finance  
Choctaw Nation  
Durant, Oklahoma  
For: Mickey Peercy
- ❑ Tom John  
United Southeast and Eastern Tribes, Inc.  
Nashville, Tennessee  
For: James T. Martin
- ❑ Sybil Sangrey  
Chippewa Cree Tribe  
Box Elder, Montana  
For: Alvin Windy Boy

## **Attachment B**

### **WORKGROUP FINANCIAL DOCUMENTS**

#### **FY 1999 Indian Health Service Percentage of Assessment Need Funded**

<b>Area Office</b>	<b>Allowance* FY 1996</b>	<b>Charges Billed** FY 1999</b>	<b>%***</b>
Albuquerque	1,964,869	2,112,976	<b>93.0%</b>
Aberdeen	3,381,050	4,076,632	<b>82.9%</b>
Alaska	2,861,493	3,679,346	<b>77.8%</b>
Bemidji	1,319,479	1,491,168	<b>88.5%</b>
Billings	2,032,991	2,557,838	<b>79.5%</b>
California	1,293,171	1,409,507	<b>91.7%</b>
HQ East	2,843,993	3,514,668	<b>80.9%</b>
HQ West	1,687,337	967,251	<b>174.4%</b>
Navajo	5,453,350	6,214,893	<b>87.7%</b>
Nashville	761,576	943,477	<b>80.7%</b>
Oklahoma	3,927,632	4,458,870	<b>88.1%</b>
Phoenix	3,886,317	4,529,476	<b>85.8%</b>
Portland	3,351,547	3,967,089	<b>84.5%</b>
Tucson	670,700	686,999	<b>97.6%</b>
<b>Total</b>	<b>35,435,505</b>	<b>40,610,193</b>	<b>87.3%</b>

\* 1. The allowance amounts were calculated based on FY 1996 actual usage.

\*\* 2. The FY 1999 charges billed were based on FY 1996 actual usage percentages.

\*\*\*3. Represents the percentages funded.

### Indian Health Service Rent Costs

Area	Allowance 1996 1/	1997	1998	1999	1996 / 1999 % of Change 2/
Albuquerque	570,560	570,560	196,393	330,020	-42.16%
Aberdeen	575,847	575,847	597,483	659,545	14.53%
Alaska	375,171	375,171	1,170,157	1,183,311	215.41%
Bemidji	358,298	358,298	289,893	253,216	-29.33%
Billings	409,821	409,821	487,671	635,896	55.16%
California	674,533	674,533	487,128	354,024	-47.52%
HQ East	1,799,012	1,799,012	1,929,413	2,061,244	14.58%
HQ West	997,110	997,110	1,015,557	519,241	-47.93%
Navajo	839,688	839,688	981,432	935,278	11.38%
Nashville	26,671	26,671	52,193	57,015	113.77%
Oklahoma	636,218	636,218	611,528	625,779	-1.64%
Phoenix	992,672	992,672	968,235	1,010,184	1.76%
Portland	795,365	795,365	602,126	726,322	-8.68%
Tucson	15,994	15,994	24,196	24,900	55.68%
Total	9,066,960	9,066,960	9,413,405	9,375,975	3.41%

Rent: Lease of GSA Public building. The rent costs are calculated by square footage.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Indian Health Service  
Federal Telecommunications System (FTS) Costs**

Area	Allowance 1996 1/	1997	1998	1999	1996 / 1999 % of Change 2/
Albuquerque	307,086	353,446	263,490	409,498	33.35%
Aberdeen	710,902	818,226	610,216	771,377	8.51%
Alaska	1,006,114	1,158,006	789,266	513,506	-48.96%
Bemidji	304,495	350,464	380,102	456,889	50.05%
Billings	488,546	562,301	421,163	452,893	-7.30%
California	407,304	468,794	371,301	815,206	100.15%
HQ East	430,935	495,993	176,864	695,038	61.29%
HQ West	544,308	626,482	596,112	311,529	-42.77%
Navajo	693,261	797,922	349,659	457,786	-33.97%
Nashville	306,827	353,148	287,433	392,405	27.89%
Oklahoma	982,314	1,130,613	717,023	886,994	-9.70%
Phoenix	661,224	761,048	592,542	766,839	15.97%
Portland	394,958	454,584	519,291	665,976	68.62%
Tucson	302,213	347,838	229,583	232,448	-23.08%
Total	7,540,487	8,678,865	6,304,045	7,828,384	3.82%

FTS Costs: Charges for voice, long-distance/data transmission and an 8% GSA surcharge. The FTS charges are based upon actual usage.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Note:** During FY 98 and 99, the Alaska Area transferred the funds to tribal entities. The data does not indicate a savings to the Area.

**Indian Health Service  
Financial Management Systems/ITS Costs**

Area	Allowance	1997	1998	1999	1996 / 1999
	1996 1/				% of Change 2/
Albuquerque	329,090	327,553	320,612	410,568	24.76%
Aberdeen	872,829	868,754	850,548	1,089,192	24.79%
Alaska	278,693	277,393	271,593	347,795	24.80%
Bemidji	220,291	219,262	214,624	274,843	24.76%
Billings	435,706	433,673	424,612	543,748	24.80%
California	40,883	40,691	39,745	50,897	24.49%
HQ East	129,134	128,531	125,860	161,173	24.81%
HQ West	-	-	-	-	0.00%
Navajo	1,620,642	1,613,075	1,579,211	2,022,301	24.78%
Nashville	132,140	131,521	128,510	164,566	24.54%
Oklahoma	802,808	799,061	782,319	1,001,819	24.79%
Phoenix	664,320	661,217	647,185	828,770	24.75%
Portland	1,175,474	1,169,985	1,145,326	1,466,677	24.77%
Tucson	96,738	96,285	94,064	120,456	24.52%
Total	6,798,748	6,767,001	6,624,209	8,482,805	24.77%

FMS/ITS: Cost for the CORE accounting system, which includes accounting services, Accounting For Pay and Information Systems and Technology. These charges are based upon transaction count.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.



**Indian Health Service  
Commissioned Personnel Services Costs**

Area	Allowance 1996 1/	1997	1998	1999	1996 / 1999 % of Change 2/
Albuquerque	246,302	251,297	220,077	309,215	25.54%
Aberdeen	272,557	278,084	243,556	342,204	25.55%
Alaska	480,101	489,837	429,197	603,036	25.61%
Bemidji	146,281	149,247	130,857	183,858	25.69%
Billings	200,042	204,099	178,754	251,155	25.55%
California	51,261	52,301	45,706	64,218	25.28%
HQ East	157,533	160,728	141,500	198,813	26.20%
HQ West	28,756	29,339	25,670	36,068	25.43%
Navajo	583,872	595,712	521,861	733,232	25.58%
Nashville	88,769	90,569	79,203	111,282	25.36%
Oklahoma	371,328	378,858	331,837	466,242	25.56%
Phoenix	545,114	556,168	487,425	684,848	25.63%
Portland	266,306	271,706	237,921	334,287	25.53%
Tucson	63,763	65,056	56,976	80,053	25.55%
Total	3,501,985	3,573,001	3,130,540	4,398,511	25.60%

Commissioned Personnel: The servicing personnel office for the Public Health Service Commissioned Corps. The costs are calculated by Full-Time Equivalents (FTE).

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Indian Health Service  
Personnel and Payroll Costs**

Area	Allowance 1996 1/	1997	1998	1999	1996 / 1999 % of Change 2/
Albuquerque	220,835	307,145	324,271	299,858	35.78%
Aberdeen	421,757	586,593	619,479	572,843	35.82%
Alaska	343,300	477,473	504,251	466,289	35.83%
Bemidji	86,821	120,753	127,465	117,869	35.76%
Billings	235,770	327,917	346,194	320,132	35.78%
California	18,917	26,310	27,532	25,460	34.59%
HQ East	110,109	153,143	162,135	149,929	36.16%
HQ West	28,276	39,327	41,299	38,190	35.06%
Navajo	805,481	1,120,289	1,182,874	1,093,823	35.80%
Nashville	65,315	90,842	95,854	88,637	35.71%
Oklahoma	422,952	588,255	621,009	574,257	35.77%
Phoenix	483,089	671,896	709,214	655,822	35.76%
Portland	156,914	218,241	230,456	213,107	35.81%
Tucson	72,483	100,812	106,561	98,538	35.95%
Total	3,472,019	4,828,996	5,098,594	4,714,754	35.79%

Personnel and Payroll: Processing of all civil service and Commissioned Corps bi-weekly and monthly pay, and processing of personnel related actions for each employee. These Costs are based upon actual number of employees.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Indian Health Service  
Administrative Operation Costs**

Area	Allowance 1996 1/	1997	1998	1999	1996 / 1999 % of Change 2/
Albuquerque	108,703	134,068	97,248	103,009	-5.24%
Aberdeen	288,377	355,668	257,988	273,272	-5.24%
Alaska	92,083	113,570	82,380	87,260	-5.24%
Bemidji	72,768	89,748	65,100	68,957	-5.24%
Billings	143,964	177,557	128,793	136,423	-5.24%
California	13,476	16,620	12,056	12,770	-5.24%
HQ East	42,673	52,630	38,176	40,438	-5.24%
HQ West	-	-	-	-	0.00%
Navajo	535,429	660,368	479,007	507,384	-5.24%
Nashville	43,571	53,738	38,980	41,289	-5.24%
Oklahoma	265,244	327,137	237,293	251,351	-5.24%
Phoenix	219,427	270,629	196,304	207,934	-5.24%
Portland	388,320	478,933	347,400	367,981	-5.24%
Tucson	31,892	39,334	28,531	30,222	-5.24%
Total	2,245,927	2,770,000	2,009,256	2,128,290	-5.24%

Administrative Operations: Headquarters charges for procurement, property, communications, GSA space and utilities. These costs are charged to the Areas in the same manner as FMS/ITS, by transaction count.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Indian Health Service  
U. S. Mail Costs**

Area	Allowance 1996 1/	1997	1998	1999	1996 / 1999 % of Change 2/
Albuquerque	97,575	105,795	112,996	173,180	77.48%
Aberdeen	124,792	135,304	270,666	273,461	119.13%
Alaska	183,468	198,923	574,822	392,065	113.70%
Bemidji	65,321	70,823	73,000	68,000	4.10%
Billings	32,250	34,967	136,136	138,348	328.99%
California	31,501	34,155	16,818	25,165	-20.11%
HQ East	105,955	114,880	103,971	139,290	31.46%
HQ West	32,226	34,941	32,000	-	-100.00%
Navajo	205,127	222,407	335,851	339,199	65.36%
Nashville	36,213	39,264	22,734	22,736	-37.22%
Oklahoma	332,628	360,648	514,894	557,978	67.75%
Phoenix	197,585	214,229	284,415	277,075	40.23%
Portland	98,794	107,116	158,312	115,274	16.68%
Tucson	24,485	26,548	43,000	34,500	40.90%
Total	1,567,920	1,700,000	2,679,615	2,556,271	63.04%

U.S. Mail: Actual metered mail costs. These mail costs are based upon actual usage from two years prior.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Indian Health Service  
Balance of Human Resources**

Area	Allowance 1996 1/	1997	1998	1999	1996 / 1999 % of Change 2/
Albuquerque	32,152	32,059	29,388	15,703	-51.16%
Aberdeen	61,423	61,246	56,142	29,999	-51.16%
Alaska	49,997	49,853	45,699	24,419	-51.16%
Bemidji	12,638	12,602	11,552	6,173	-51.16%
Billings	34,326	34,227	31,375	16,765	-51.16%
California	2,730	2,722	2,495	1,333	-51.17%
HQ East	16,076	16,030	14,744	7,852	-51.16%
HQ West	4,095	4,083	3,743	2,000	-51.16%
Navajo	117,284	116,946	107,201	57,282	-51.16%
Nashville	9,504	9,477	8,687	4,642	-51.16%
Oklahoma	61,574	61,397	56,281	30,073	-51.16%
Phoenix	70,320	70,118	64,275	34,344	-51.16%
Portland	22,850	22,784	20,886	11,160	-51.16%
Tucson	10,566	10,536	9,657	5,160	-51.16%
Total	505,535	504,080	462,125	246,905	-51.16%

Human Resources: These include Board of Corrections for Commissioned Corps and EEO. These charges are based upon actual number of employees.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Indian Health Service  
Other Assessments -- Equal Distribution -- FY 1995 - 1999**

Area	Allowance 1996 1/	FY 97	FY 98	FY 99	1996 / 1999 % of Change 2/
Albuquerque	52,566	49,345	57,320	60,223	14.57%
Aberdeen	52,566	49,345	57,320	60,223	14.57%
Alaska	52,566	49,345	57,320	60,223	14.57%
Bemidji	52,566	49,345	57,320	60,223	14.57%
Billings	52,566	49,345	57,320	60,223	14.57%
California	52,566	49,345	57,320	60,223	14.57%
HQ East	52,566	49,345	57,320	60,223	14.57%
HQ West	52,566	49,345	57,320	60,223	14.57%
Navajo	52,566	49,345	57,320	60,223	14.57%
Nashville	52,566	49,345	57,320	60,223	14.57%
Oklahoma	52,566	49,345	57,320	60,223	14.57%
Phoenix	52,566	49,345	57,320	60,223	14.57%
Portland	52,566	49,345	57,320	60,223	14.57%
Tucson	52,566	49,345	57,320	60,223	14.57%
Total	735,924	690,830	802,480	843,125	14.57%

Other Assessments: These include Freedom of Information, Audit Resolution, Regional Health Administration, Public Health Reports and Departmental Tax for Quality of Work Life and Access to a databased used for recruitment of health professionals. These are charged to Areas based on prorata.

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

**Indian Health Service  
Summary of Category Costs**

<b>Area</b>	<b>Allowance 1996 1/</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>1996 / 1999 % of Change 2/</b>
Albuquerque	1,964,869	2,131,268	1,621,795	2,111,274	7.45%
Aberdeen	3,381,050	3,729,067	3,563,398	4,072,116	20.44%
Alaska	2,861,493	3,189,571	3,924,685	3,677,904	28.53%
Bemidji	1,319,479	1,420,542	1,349,913	1,490,028	12.93%
Billings	2,032,991	2,233,907	2,212,018	2,555,583	25.71%
California	1,293,171	1,365,471	1,060,101	1,409,296	8.98%
HQ East	2,843,993	2,970,292	2,749,983	3,514,000	23.56%
HQ West	1,687,337	1,780,627	1,771,701	967,251	-42.68%
Navajo	5,453,350	6,015,752	5,594,416	6,206,508	13.81%
Nashville	761,576	844,575	770,914	942,795	23.80%
Oklahoma	3,927,632	4,331,532	3,929,504	4,454,716	13.42%
Phoenix	3,886,317	4,247,322	4,006,915	4,526,039	16.46%
Portland	3,351,547	3,568,059	3,319,038	3,961,007	18.18%
Tucson	670,700	751,748	649,888	686,500	2.36%
<b>Total</b>	<b>35,435,505</b>	<b>38,579,733</b>	<b>36,524,269</b>	<b>40,575,020</b>	<b>14.50%</b>

1/ The 1996 Allowance distribution was based upon 1996 actual data.

2/ The percent column represents the change from 1996 to 1999.

## PSC Service Rates Schedule

<i>Billing Methodology</i>		<i>FY 1997 Rates</i>	<i>FY 1998 Rates</i>	<i>FY 1999 Rates</i>	<i>FY 2000 Rates</i>	<i>FY 2001 Rates</i>
<b>ADMINISTRATIVE OPERATIONS (AOS)</b>						
Acquisitions	flat rates/percentages/ or hourly rates	varies	varies	varies	varies	varies
Claims	hours used per claim	\$67.00	\$67.00	\$68.00	\$68.00	\$68.00
Printing Procurement	value of orders + surcharge	9%	9%	9%	9%	9%
Electronic Typesetting	hours used per job	\$60.00	\$60.00	\$60.00	\$60.00	\$60.00
Graphic Arts	inhouse- hours per job / contract- cost + surcharge	varies	varies	varies	varies	varies
Reprographics	per copy/actual cost/ or hourly rate + cost	varies	varies	varies	varies	varies
Telecommunications	per line charge	\$125.00	\$108.00	\$108.00	\$108.00	\$108.00
Mail	pieces of mail	\$0.33	\$0.33	\$0.33	\$0.25	\$0.25
Building & Space Management	square foot	\$3.30	\$2.90	\$2.90	\$2.90	\$2.92
Conference Center	hours reserved + video conferencing, satellite down-link, video-taping (audio-visual equipment usage included in rate)	\$25.00	\$27.50	\$30.00	\$32.00	\$32.00
Copy Paper	per box/per type of paper	market price	market price	market price	market price	market price
Carpeting	per square yard ( not installed )	varies	varies	varies	varies	varies
Rehabilitated Furniture	per item requested	varies	varies	varies	varies	varies
U-Drive Motorpool	miles/# of trips/ or lease cost	varies	varies	varies	varies	varies
Movers and Laborers	hours used per job	\$23.00	\$23.00	\$23.00	\$23.00	\$23.00
General Storage	per square foot occupied	\$13.40	\$13.40	\$13.40	\$13.40	\$13.40
Shipping & Handling	percent of value of items shipped/received - graduated fee	varies	varies	varies	varies	varies
Forms & Publications	percent of actual usage ( moving to flat rate/type of service)	varies	varies	varies	varies	varies
Shredding	per box	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Property Disposal	per piece based on type	\$5 - \$100	\$5 - \$100	\$5 - \$100	\$5 - \$100	\$5 - \$100
Asset Management	asset value	\$10.00/item + transaction charge	\$10.00/item + transaction charge	\$10.00/item + transaction charge	\$11.50/\$1000 asset value	\$11.50/\$1000 asset value
Information Technology Branch	per agreement					
Security	percentage of population served + special requests					
Library Resources	percentage of population served + special requests					
Agreements	per agreement					
Real Property	percentage of population served + special requests					
Overtime Utilities	actual usage	actual usage	actual usage	actual usage	actual usage	actual usage
Materiel Management	percent of total agency billing units	actual charge	actual charge	actual charge	actual charge	actual charge
Regional Operations	regional population					
CASU Region VII	per agreement					
TIP	system + overhead - per line	n/a	\$26.96	\$24.50	\$24.50	\$24.50
	optional - actual orders placed					
Supply Service Center	per item requested					
Employee Related Programs	percentage of population served + special requests					
<b>FINANCIAL MANAGEMENT (FMS)</b>						
Cost Allocation	billable hours	112.75	119.66	\$124.41	\$125.80	\$129.80
Payment Management - General	number of open documents (grants) and authorizations	varies	varies	varies	varies	varies
Payment Management - FARS	number of open documents (grants) and authorizations	1.00	1.05	\$1.00	\$1.52	\$1.27
Accounting Services - Acctng	number of transactions	5.10	5.30	\$5.96	\$5.60	\$5.78
Accounting Services - ADP	number of transactions	1.03	1.16	\$1.23	\$1.33	\$1.37
Debt Management	offset against collections/ or by agreement	17.00	17.31	\$17.39	varies	varies
Travel Management System	number of transactions	13.34	16.10	\$7.97	\$8.38	\$12.46
Accounting for Pay Services	w-2 count	18.81	22.21	\$19.31	\$14.73	\$15.13
Information Systems and Technology	report utilization % + agreements					
<b>HUMAN RESOURCES (HRS)</b>						
Personnel & Payroll Systems						
Core Services	w-2 count	\$278.74	\$288.55	\$283.92	\$280.99	\$287.18
Help Desk Support	number of calls	n/a	\$39.17	\$40.50	\$41.71	\$42.67
Payroll Exception Processing	number of transactions (exceptions)	n/a	\$114.44	\$114.44	\$117.89	\$120.50
Separations Processing	number of transactions ( separations)	n/a	\$18.75	\$20.41	\$21.11	\$21.56
Commissioned Personnel	number of active duty officers	\$1,338.71	\$1,702.89	\$2,017.05	\$2,259.68	\$2,290.49
Agreements	per agreement					
Board for Correction	number of active duty officers	\$32.09	\$36.56	\$38.62	\$44.17	\$45.08
Personnel Operations	FTE's	\$1,408.36	\$1,549.24	\$1,517.49	\$1,795.89	\$1,865.75
Agreements	per agreement					
Career Management Center	per agreement					
EEO Complaint Investigation	number of investigations ( actual cost + overhead)	\$3,452.99	\$6,205.88	\$3,500.00	\$4,239.13	\$4,343.48